

**Clinton Township
Oscoda County, Michigan
Financial Report
With Supplemental Information
March 31, 2008**

Clinton Township

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INDEPENDENT AUDITOR'S REPORT

Township Board
Clinton Township
Oscoda County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clinton Township as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Clinton Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Clinton Township as of March 31, 2008, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on page 2 through page 7 and page 20 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clinton Township's basic financial statements. The accompanying pages of other supplemental information, as identified in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Robertson & Carpenter P.C.
Certified Public Accountants
June 30, 2008

Management's Discussion and Analysis

As management of Clinton Township (the "Township"), we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2008.

Financial Highlights

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$417,381 (*net assets*). Of this amount, \$92,985 (*unrestricted net assets*) may be used to meet the Township's ongoing obligations
- The Township's total net assets increased by \$10,861.
- As of the close of the current fiscal year, the Township's general fund, reported an ending fund balance of \$92,985, an increase of \$14,755 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$92,985 or 94% percent of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements consist of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

Government-wide financial statements. The *Government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *statement of activities* presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the Government-wide financial statements present functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the Township include general government, public safety, public works, culture and recreation, and other. The Township does not have any business-type activities as of and for the year ended March 31, 2008.

The Government-wide financial statements can be found on pages 8-9 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the Government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a Township's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the Government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township maintains one governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund.

The Township adopts an annual appropriated budget for its governmental fund. Budgetary comparison statements or schedules have been provided for the governmental funds herein to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 10-11 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are *not* reflected in the Government-wide financial statements because the resources of those funds are *not* available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 12 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13-19 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Township, assets exceeded its liabilities by \$417,381 at the close of the most recent fiscal year.

A portion of the Township's net assets (80%) reflects its investment in capital assets (e.g., land, land improvements, buildings, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to the community; consequently, these assets are *not* available for future spending.

Township's Net Assets

Governmental Activities

	March 31 2008	March 31 2007
Assets		
Current and Other Assets	\$ 95,749	\$ 78,495
Capital Assets, Net	324,396	328,290
Total Assets	<u>420,145</u>	<u>406,785</u>
Liabilities		
Current Liabilities	2,764	265
Long Term Liabilities	-	-
Total Liabilities	<u>2,764</u>	<u>265</u>
Net Assets		
Invested in Capital Assets	324,396	328,290
Unrestricted	<u>92,985</u>	<u>78,230</u>
Total Net Assets	\$ <u>417,381</u>	\$ <u>406,520</u>

The Township's net assets increased by \$10,861 during the current fiscal year. Unrestricted net assets—the part of net assets that can be used to finance day to day operations, increased by \$14,756 or 19%, during fiscal year 2008.

Township's Changes in Net Assets

Governmental Activities

	March 31 2008	March 31 2007
Revenue		
Program Revenue		
Charges for Services	\$ 16,691	\$ 10,468
Operating Grants and Contributions	-	-
General Revenue:		
Property Taxes	42,760	42,674
State-Shared Revenues	45,154	44,984
Interest and Rent Earnings	2,522	3,464
Other	6,194	1,280
Total Revenue	113,321	102,870
Expenses		
General Government	56,410	58,899
Public Safety	13,403	15,047
Public Works	16,904	17,158
Culture and Recreation	5,035	6,148
Other	10,708	10,504
Total Expenses	102,460	107,756
Increase (Decrease) in Net Assets	10,861	(4,886)
Net Assets, Beginning of Year	406,520	411,406
Net Assets, End of Year	\$ 417,381	\$ 406,520

Governmental activities. The Township's total governmental revenues increased by \$10,451 from last fiscal year. This was primarily attributed to additional revenue in charges for services. Expenses decreased by \$5,296.

Financial Analysis of the Government's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$92,985 an increase of \$14,755 in comparison with the prior year. The *undesignated fund balance*, which is available for spending at the Township's discretion, constitutes 100% of this total amount or \$92,985.

The primary governmental fund is the General Fund of the Township. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 94% and total fund balance represents 94% of total general fund expenditures.

The fund balance of the General Fund increased by \$14,755 during the current fiscal year.

Governmental Funds Budgetary Highlights

The Township's budgets are prepared in accordance with Michigan Law. The budgeted fund is the General Fund. The General Fund budget was amended during the year.

Capital Asset and Debt Administration

Capital assets. The Township's investment in capital assets for its governmental activities as of March 31, 2006, amounted to \$324,396 (net of accumulated depreciation). Investment in capital assets includes land, land improvements, buildings, and equipment. Additions totaled \$6,000 for the fiscal year.

Township's Capital Assets (net of depreciation)

	March 31 2008	March 31 2007
Land	\$ 55,875	\$ 55,875
Land Improvements	7,549	8,022
Buildings	131,169	135,329
Equipment	1,128	1,723
Buildings - Firehall	34,236	35,273
Land Improvements - Park	6,804	7,327
Buildings - Park	53,705	55,271
Equipment - Park	6,000	-
Infrastructure	27,930	29,470
Total	\$ 324,396	\$ 328,290

Additional information on the Township's capital assets can be found in note 5 on page 18 of this report.

Factors Bearing on the Township's Future

The following factors were considered in preparing the Township's budget for the 2008-2009 fiscal year:

- The State of Michigan has made significant cuts in their operating budgets due to a downturn in the economy. The Township did receive slightly more in State Shared Revenues this year than the prior fiscal year (\$188). For 2007-2008, the Township received \$34,940 in state shared revenue, representing 31% of the revenues in the General Fund. The Township expects to experience a slight decrease in State Shared Revenue in the future due to the condition of the economy in the State of Michigan.. The Playground equipment project was not quite complete at March 31, 2008, however a smaller amount has been budgeted (\$3,000) for the 2008-09 year. Our budgets were prepared with these factors in mind and will need to be revised as needed.

Requests for Information

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Clinton Township
P.O. Box 168
Comins, Michigan 48619

Basic Financial Statements

Clinton Township
Statement of Net Assets
March 31, 2008

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents (Note 3)	\$ 87,342
Receivables: (Note 4)	
Other	-
Intergovernmental	8,303
Due from Fiduciary Fund	104
Capital assets-net (Note 5)	<u>324,396</u>
 Total assets	 <u>420,145</u>
 Liabilities	
Current Liabilities:	
Accounts payable	303
Deferred revenue	<u>2,461</u>
Total current liabilities	<u>2,764</u>
 Total liabilities	 <u>2,764</u>
 Net Assets	
Invested in capital assets, net of related debt	324,396
Unrestricted	<u>92,985</u>
 Total net assets	 \$ <u><u>417,381</u></u>

See accompanying notes to financial statements.

Clinton Township
Statement of Activities
Year Ended March 31, 2008

Functions/Programs	Expenses	Program Revenues		Governmental Activities
		Charges for Services	Operating Grants	Net (Expense) Revenue and Changes in Net Assets
Governmental Activities				
General government	\$ 56,410	\$ 16,691	\$ -	\$ (39,719)
Public safety	13,403	-	-	(13,403)
Public works	16,904	-	-	(16,904)
Recreation & culture	5,035	-	-	(5,035)
Other	10,708	-	-	(10,708)
Total governmental activities	<u>\$ 102,460</u>	<u>\$ 16,691</u>	<u>\$ -</u>	<u>(85,769)</u>
General Revenues:				
Property taxes				42,760
State-shared revenues				45,154
Interest and investment earnings				2,522
Other				6,194
Total general revenues				<u>96,630</u>
Change in Net Assets				<u>10,861</u>
Net assets - beginning of year				<u>406,520</u>
Net assets - end of year				<u>\$ 417,381</u>

Amounts reported for governmental activities are different because:

Net Change in Fund Balances - Total Governmental Funds	\$ 14,755
Government funds report capital outlays as expenditures; in the statement of activities these costs are allocated over their estimated useful lives as depreciation.	
Depreciation expense	\$ (9,894)
Capital outlay	<u>6,000</u>
	<u>(3,894)</u>
Change in Net Assets of Governmental Activities	<u>\$ 10,861</u>

See accompanying notes to financial statements.

Clinton Township
Governmental Funds
Balance Sheet
March 31, 2008

	General Fund
Assets	
Cash and cash equivalents	\$ 87,342
Due from other funds	104
Due from other governmental units	8,303
Total assets	<u>\$ 95,749</u>
Liabilities	
Accounts payable	\$ 303
Due to other funds	-
Deferred revenue	2,461
Total liabilities	<u>2,764</u>
Fund balances	
Unreserved:	
Undesignated:	
General Fund	92,985
Total fund balances	<u>92,985</u>
 Total liabilities and fund balances	 <u>\$ 95,749</u>

Amounts reported for governmental activities in the statement of net assets are different because:

Fund Balances - Total Governmental Funds	\$ 92,985
Elimination of due to and due from governmental funds	
Due to	-
Due from	-
Capital assets used in governmental activities are not financial financial resources, and are not reported in the funds.	
The cost of capital assets is	405,863
Accumulated depreciation is	(81,467)
 Net Assets of Governmental Activities	 <u>\$ 417,381</u>

See accompanying notes to financial statements.

Clinton Township
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended March 31, 2008

	<u>General Fund</u>
Revenues	
Taxes and penalties	\$ 42,760
State grants	45,154
Charges for services	15,381
Interest and rentals	3,832
Other revenue	6,194
Total revenues	<u>113,321</u>
Expenditures	
Current:	
General government	51,182
Public safety	12,366
Public works	15,364
Recreation & culture	2,946
Other	10,708
Capital outlay	6,000
Total expenditures	<u>98,566</u>
Excess of Revenues Over (Under)	
Expenditures	14,755
Fund balance - April 1, 2007	<u>78,230</u>
Fund balance - March 31, 2008	<u><u>\$ 92,985</u></u>

See accompanying notes to financial statements.

Clinton Township
Fiduciary Funds
Statement of Net Assets
March 31, 2008

	Agency Fund Type (Property Tax Collection Fund)
Assets	
Cash	\$ 104
Due from other funds	-
Total assets	<u>\$ 104</u>
Liabilities	
Due to other funds	\$ 104
Due to other governments	-
Total liabilities	<u>104</u>
Net Assets	<u>\$ -</u>

See accompanying notes to financial statements.

Clinton Township
Notes to Financial Statements
March 31, 2008

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Clinton Township ("the Township") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the more significant policies used by the Township:

Reporting Entity

The Township is governed by an elected five member Township Board. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board (GASB) for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the Township's reporting entity, and which organizations are legally separate, component units of the Township. Based on the application criteria, the Township does not contain any component units.

Government-wide and Fund Financial Statements

The Government-side financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Township. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the Township's government-wide activities are considered governmental activities. The Township does not have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a certain function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Clinton Township
Notes to Financial Statements
March 31, 2008

Note 1 - Summary of Significant Accounting Policies (Continued)

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and severance pay, are recorded only when payment is due.

Property taxes, state-shared revenue and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when the cash is received by the Township.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund.

Additionally, the Township reports the following funds:

The Tax Collection Fund accounts for property taxes collected and disbursed to other taxing authorities by the Township as required by law.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers for goods, services or privileges provided and (2) operating grants and contributions. General revenue includes all taxes.

Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Clinton Township
Notes to Financial Statements
March 31, 2008

Note 1 - Summary of Significant Accounting Policies (Continued)

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between fund that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The taxpayers of the Township have their properties assessed as of December 31 and the related property taxes are levied and become a lien on December 1 for 100% of the taxes which are due February 28. The 2007 taxable value of the Township was \$34,715,761. The 2007 tax levy was .8775 mills for general operating purposes raising \$30,463 for general operating purposes.

Capital Assets - Capital assets, which include land, buildings, equipment, and infrastructure assets (e.g., amounts paid to the Road Commission for the intangible right to use the roads), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of the donation. Infrastructure assets acquired prior to implementation of GASB 34 are not included in the financial statements.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Infrastructure	20 years
Land Improvements	20 years
Buildings and additions	20-50 years
Equipment	5-20 years

Compensated Absences - There is no liability for compensated absences reported in the government-wide financial statements since no township employees are provided with sick or vacation pay benefits.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriating or are legally restricted by outside parties for use for a specific purpose. The Township did not have a reserved fund balance at March 31, 2008. Designations of fund balance represent tentative management plans that are subject to change. The Township did not have a designated fund balance at March 31, 2008.

Clinton Township
Notes to Financial Statements
March 31, 2008

Note 1 - Summary of Significant Accounting Policies (Continued)

Comparative Data/Reclassifications - Comparative data is not included in the Township's financial statements.

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted account principles and state laws for the general and special revenue funds. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the Township adopt its budgets by April 1. Expenditures in excess of amounts budgeted is a violation of Michigan Law. State law permits Townships to amend its budget during the year.

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until the receipt of materials or services. For budgetary purposes, appropriations lapse at fiscal year end and outstanding encumbrances are reappropriated in the next year.

Note 2 - Stewardship, Compliance and Accountability

Excess of expenditures over appropriations in budgeted funds:

The Township incurred expenditures in excess of amounts budgeted as follows:

<u>Fund and Function</u>	<u>Appropriation</u>	<u>Expenditure</u>	<u>Variance</u>
General:			
Other - Payroll taxes	\$ 1,250	\$ 1,275	\$ 25

Clinton Township
Notes to Financial Statements
March 31, 2008

Note 3 - Deposits and Investments

Michigan Compiled Laws, Section 129.91 authorizes the Township to make deposits and investments in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The Township is also allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Township Board has designated two financial institutions for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investments in accordance with State statutory authority as listed above.

Clinton Township's deposits and investment policy are in accordance with statutory authority.

Clinton Township has not revised its investment policy to conform to Governmental Accounting Standards Board Statement #40.

At year-end, Clinton Township's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Township Total
Cash and cash equivalents	\$ 87,342	\$ 104	\$ 87,446
Investments (CD's)	-	-	-
Total	\$ 87,342	\$ 104	\$ 87,446

The breakdown between deposits and investments for the Township is as follows:

Deposits (checking and savings)	\$ 87,446
Investments (CD's)	-
	\$ 87,446

The deposits of the Township were reflected in the accounts of one financial institution, of which \$87,446 is covered by federal depository insurance.

Note 4 - Receivables

Receivables as of year-end for the Township's major funds and fiduciary funds in the aggregate, including applicable allowances of uncollectible accounts, are as follows:

	General Fund	Tax Coll. Fund	Total
Receivables:			
Other	\$ -	\$ -	\$ -
Intergovernmental	8,303	-	8,303
	\$ 8,303	\$ -	\$ 8,303

Clinton Township
Notes to Financial Statements
March 31, 2008

Note 4 - Receivables (Continued)

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the Township had deferred revenue of \$2,461 at March 31, 2008.

Note 5 - Capital Assets

Capital assets activity of the Township's Governmental activities were as follows:

	Balance April 1, 2007	Additions	Deletions	Balance March 31, 2008
Capital assets not being depreciated:				
Land	\$ 55,875	\$ -	\$ -	\$ 55,875
Capital assets being depreciated:				
Land improvements	8,496	-	-	8,496
Buildings	187,126	-	-	187,126
Equipment	2,976	-	-	2,976
Buildings - Firehall	41,466	-	-	41,466
Park - Land improvements	10,467	-	-	10,467
Park - Buildings	62,647	-	-	62,647
Park - Equipment	-	6,000	-	6,000
Infrastructure	30,810	-	-	30,810
Subtotal	343,988	6,000	-	349,988
Accumulated Depreciation				
Land improvements	474	473	-	947
Buildings	51,797	4,160	-	55,957
Equipment	1,253	595	-	1,848
Buildings - Firehall	6,193	1,037	-	7,230
Park - Land improvements	3,140	523	-	3,663
Park - Buildings	7,376	1,566	-	8,942
Park - Equipment	-	-	-	-
Infrastructure	1,340	1,540	-	2,880
Subtotal	71,573	9,894	-	81,467
Net capital assets being depreciated	272,415	(3,894)	-	268,521
Governmental Activities				
Total Capital Assets net of Depreciation	\$ 328,290	\$ (3,894)	\$ -	\$ 324,396

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
General government	\$ 5,228
Public Safety	1,037
Recreation & cultural	2,089
Infrastructure	1,540
Total governmental activities	\$ 9,894

Clinton Township
Notes to Financial Statements
March 31, 2008

Note 6 - Receivables, Payables and Transfers

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	\$ 104	Tax Collection Fund	\$ 104
Total	\$ 104	Total	\$ 104
<u>Transfers In</u>		<u>Transfers Out</u>	
None	\$ -	None	\$ -

Note 7 - Risk Management

Clinton Township is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by insurance purchased from independent insurance companies. Settled claims from these risks have not exceeded insurance coverage for the last three years.

Note 8 - Pension Plan

Clinton Township provides pension benefits for all employees that earn in excess of \$450 per year through a defined contribution plan. The plan is a Simplified Employee Pension (SEP) plan administered through First Bank. The retirement benefits in a defined contribution plan depend solely on amounts contributed to the plan plus investment earnings. The Township contributes 8% of the employee's earnings. The plan does not allow the employees to make contributions. The Township's contributions are vested upon payment to the plan.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participant's benefits that may be allocated to such participant's account.

The Township's total payroll for the year ended March 31, 2008 was \$40,050. The Township's contribution of 8% to the plan was computed on eligible wages of \$38,563. The Township deposited the required amount of \$3,085.

No pension provision changes occurred during the year that affected the required contributions to be made by the Township. The plan held no securities of the Township or other related parties during the year or at the close of the fiscal year.

Required Supplemental Information

Clinton Township
 Budgetary Comparison Schedule - General Fund
 Year Ended March 31, 2008

	Budgeted Amounts		Actual	Variance with
	2007	2007	Amounts	Final Budget
	Original	Final	Budgetary	Over (Under)
			Basis	
Fund Balance - Beginning of year	\$ 69,926	\$ 78,230	\$ 78,230	\$ -
Resources (Inflows)				
Taxes and fees	39,948	39,948	42,760	2,812
State grants	44,210	44,210	45,154	944
Charges for services	13,295	13,295	15,381	2,086
Interest and rentals	3,100	3,100	3,832	732
Other	150	8,150	6,194	(1,956)
Amounts available for appropriation	<u>170,629</u>	<u>186,933</u>	<u>191,551</u>	<u>4,618</u>
Charges to Appropriations (Outflows)				
General government	65,940	65,350	51,182	(14,168)
Public safety	13,170	13,830	12,366	(1,464)
Public works	17,450	17,805	15,364	(2,441)
Recreation & culture	5,830	6,230	2,946	(3,284)
Other	11,350	11,350	10,708	(642)
Capital outlay	<u>1,000</u>	<u>9,000</u>	<u>6,000</u>	<u>(3,000)</u>
Total charges to appropriations	<u>114,740</u>	<u>123,565</u>	<u>98,566</u>	<u>(24,999)</u>
Fund Balance - end of year	\$ <u>55,889</u>	\$ <u>63,368</u>	\$ <u>92,985</u>	\$ <u>29,617</u>

Supplemental Information

Clinton Township
General Fund
Statement of Revenues - Budget and Actual
Year Ended March 31, 2008

	Budget as Amended	Actual	Variance Favorable (Unfavorable)
TAXES:			
Property taxes	\$ -	\$ 30,145	\$ -
Property tax administration	-	12,028	-
Penalties and interest	-	587	-
TOTAL TAXES	<u>39,948</u>	<u>42,760</u>	<u>2,812</u>
STATE GRANTS:			
State shared revenues	-	34,940	-
Swamp tax	-	8,410	-
Metro Act	-	1,804	-
TOTAL STATE GRANTS	<u>44,210</u>	<u>45,154</u>	<u>944</u>
CHARGES FOR SERVICES:			
Cemetery lots	-	400	-
Cemetery grave openings	-	2,750	-
Property splits	-	75	-
Transfer site fees	-	9,396	-
Summer tax collection	-	2,585	-
Park usage fees	-	175	-
TOTAL CHARGES FOR SERVICES	<u>13,295</u>	<u>15,381</u>	<u>2,086</u>
INTEREST AND RENTALS:			
Interest	-	2,522	-
Rent - Townhall	-	1,310	-
TOTAL INTEREST AND RENTALS	<u>3,100</u>	<u>3,832</u>	<u>732</u>
OTHER REVENUE			
Reimbursements	-	94	-
Donations	-	6,100	-
TOTAL OTHER REVENUE	<u>8,150</u>	<u>6,194</u>	<u>(1,956)</u>
TOTAL REVENUES	\$ <u>108,703</u>	\$ <u>113,321</u>	\$ <u>4,618</u>

Clinton Township
General Fund
Statement of Expenditures - Budget and Actual
Year Ended March 31, 2008

	Budget as Amended	Actual	Variance Favorable (Unfavorable)
GENERAL GOVERNMENT			
Legislative			
Trustee wages	\$ -	\$ 1,416	\$ -
Meetings	-	970	-
Printing & publishing	-	70	-
Dues	-	554	-
Travel & seminars	-	469	-
Postage	-	1,482	-
Supplies	-	118	-
Miscellaneous	-	228	-
Contingency	-	-	-
Total Legislative	<u>13,491</u>	<u>5,307</u>	<u>8,184</u>
Supervisor			
Salary	-	14,748	-
Meetings	-	65	-
Travel & seminars	-	-	-
Total Supervisor	<u>14,934</u>	<u>14,813</u>	<u>121</u>
Clerk			
Salary	-	7,008	-
Deputy clerk wages	-	-	-
Meetings	-	135	-
Software support	-	389	-
Travel	-	-	-
Total Clerk	<u>7,708</u>	<u>7,532</u>	<u>176</u>
Audit	<u>425</u>	<u>388</u>	<u>37</u>
Board of Review			
Wages	-	538	-
Travel & seminars	-	-	-
Total Board of Review	<u>600</u>	<u>538</u>	<u>62</u>
Treasurer			
Salary	-	8,412	-
Deputy wages	-	24	-
Meetings	-	-	-
Software support	-	729	-
Travel & seminars	-	-	-
Total Treasurer	<u>9,312</u>	<u>9,165</u>	<u>147</u>
Cemetery			
Wages	-	446	-
Sexton	-	660	-
Supplies	-	56	-
Burials	-	2,650	-
Total Cemetery	<u>4,010</u>	<u>3,812</u>	<u>198</u>

Clinton Township
General Fund
Statement of Expenditures - Budget and Actual
Year Ended March 31, 2008

	Budget as Amended	Actual	Variance Favorable (Unfavorable)
GENERAL GOVERNMENT (Continued)			
Equalization			
Contracted services	\$ 4,900	\$ 3,704	\$ 1,196
Elections			
Wages	-	365	
Meetings	-	105	
Supplies	-	54	
Miscellaneous	-	127	
Total Elections	820	651	169
Townhall			
Wages	-	804	-
Supplies	-	305	-
Snow removal	-	400	-
Telephone	-	558	-
Electric	-	914	-
Heat	-	1,935	-
Maintenance and repairs	-	117	-
Equipment rental	-	239	-
Total Townhall	8,650	5,272	3,378
Attorney	500	-	500
TOTAL GENERAL GOVERNMENT	65,350	51,182	14,168
PUBLIC SAFETY			
Fire Department			
Firehall maintenance	-	29	-
Fire protection contract	-	10,431	-
Snow removal	-	180	-
Electricity	-	111	-
Heat	-	1,589	-
Equipment rental	-	26	-
TOTAL PUBLIC SAFETY	13,830	12,366	1,464
PUBLIC WORKS			
Street lights	4,000	2,944	1,056
Roads	2,600	2,411	189
Streetscape			
Wages	-	162	-
Maintenance and repairs	-	642	-
Equipment rental	-	59	-
TOTAL PUBLIC WORKS	1,250	863	387

Clinton Township
General Fund
Statement of Expenditures - Budget and Actual
Year Ended March 31, 2008

	Budget as Amended	Actual	Variance Favorable (Unfavorable)
PUBLIC WORKS - continued			
Transfer Site:			
Wages	-	3,011	-
Contracted services	-	5,607	-
Snow removal	-	405	-
Heat	-	123	-
Recycle expense	-	-	-
Total Transfer Site	9,955	9,146	809
 TOTAL PUBLIC WORKS	 17,805	 15,364	 2,441
RECREATION & CULTURE			
Park			
Wages - Park	-	1,179	-
Wages - Caboose	-	87	-
Supplies	-	16	-
Electric	-	201	-
Maintenance and repairs	-	621	-
Equipment rental - Park	-	649	-
Equipment rental - Caboose	-	46	-
Total Park	3,600	2,799	801
Steiner Museum	130	130	-
Community Center			
Maintenance	-	17	-
Heat	-	-	-
Total Community Center	2,500	17	2,483
 TOTAL RECREATION & CULTURE	 6,230	 2,946	 3,284
OTHER			
Insurance	6,600	6,348	252
Retirement expense	3,500	3,085	415
Payroll taxes	1,250	1,275	(25)
TOTAL OTHERS	11,350	10,708	642
CAPITAL OUTLAY			
Public works - streetscape	-	-	-
Recreation & Culture - Park	-	6,000	-
TOTAL CAPITAL OUTLAY	9,000	6,000	3,000
 TOTAL EXPENDITURES	 \$ 123,565	 \$ 98,566	 \$ 24,999

Clinton Township
Statement of Changes in Assets and Liabilities
All Agency Funds
March 31, 2008

Current Tax Collection Fund				
	Balance April 1, 2007	Additions	Deductions	Balance March 31, 2008
Assets				
Cash	\$ <u>54</u>	\$ <u>1,135,382</u>	\$ <u>1,135,332</u>	\$ <u>104</u>
Liabilities				
Due to other funds	\$ 54	\$ 30,659	\$ 30,609	\$ 104
Due to county	-	469,054	469,054	-
Due to schools	-	635,350	635,350	-
Refunds	<u>-</u>	<u>319</u>	<u>319</u>	<u>-</u>
Total liabilities	\$ <u>54</u>	\$ <u>1,135,382</u>	\$ <u>1,135,332</u>	\$ <u>104</u>



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June 30, 2008

Township Board
Clinton Township
Oscoda County, Michigan

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clinton Township as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered Clinton Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the a governmental unit's internal control. Accordingly, we do not express an opinion on the effectiveness of the governmental unit's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control. We consider the following deficiency to be a significant deficiency in internal control.

Lack of adequate controls to produce full-disclosure GAAP basis financial statements.

Requirement: All Michigan governmental units are required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). This is a responsibility of the Township's management. The preparation of financial statements

in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data, and (2) reporting government-wide and fund financial statements, including the related footnotes.

Condition: The Township, as is common with smaller and medium-sized entities, has historically relied on its independent external auditors to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the Township's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its external auditors, who cannot by definition be considered part of the government's internal controls.

Cause: This condition was caused by the Township's decision that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for the Township to perform this task internally.

Effect: The result of this condition is that the Township lacks internal controls over the preparation of financial statements in accordance with GAAP, and instead relies, in part, on its external auditors for assistance with this task.

View of responsible officials: The Township has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the Township to outsource this task to its external auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

This communication is intended solely for the information and use of management, the Township Board, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Robertson & Carpenter CPA's, P.C.
Certified Public Accountants
Mio, Michigan